BANK OF CANADA
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Senior Loan Officer Survey

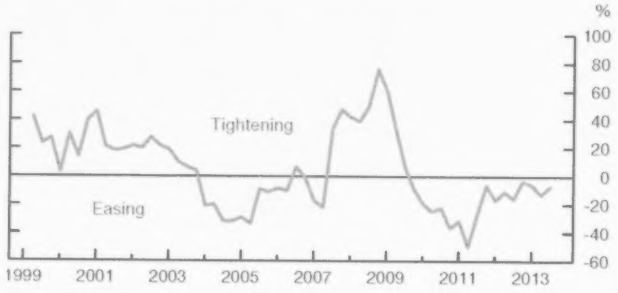
on Business-Lending Practices in Canada Results of the Third-Quarter 2013 Survey | Vol. 6.3 | 11 October 2013

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the third quarter of 2013.

- The survey results pointed to continued easing in overall business-lending conditions during the third quarter of 2013 (**Chart 1**), consistent with a trend of almost uninterrupted easing since late 2009. The net easing occurred primarily in the price aspects of business lending (**Chart 2**).[1, 2]
- Survey responses suggest that price conditions eased somewhat for all categories of borrowers. Non-price conditions eased for small-business borrowers but were essentially unchanged for commercial and corporate borrowers.
- Senior loan officers noted ongoing competitive pressures from other lending institutions and from capital markets during the third quarter. Respondents reported a slight improvement in access to capital markets, mainly for investment-grade borrowers.
- The balance of opinion regarding the demand for credit from financial institutions showed a modest decrease in demand from all categories of borrowers during the third quarter. This follows an increase in demand from corporate borrowers in the second quarter of 2013.

Chart 1: Senior loan officers reported continued easing in lending conditions for Canadian non-financial firms...

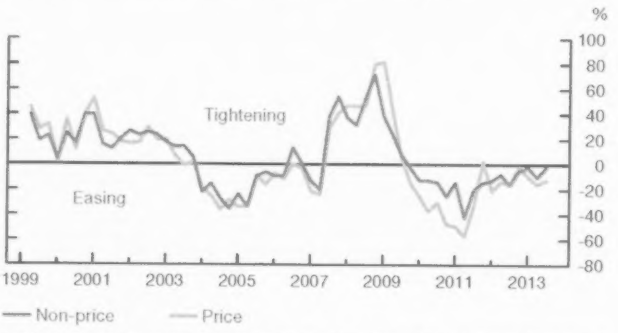
Overall business-lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: ...primarily in terms of price conditions

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small-business, commercial and corporate sectors.

1 The SLOS defines the pricing of credit as spreads over base rates and/or fees rather than as the level of rates.

2 Note that the balance of opinion indicates only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The third-quarter survey was conducted between 9 and 13 September 2013. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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